

RECEIVED
177
936 7 07 10:23

**OFFICIAL
FILE COPY**
DO NOT SEND OUT

(Xerox necessary
copies from this
copy and PLACE
BACK in FILE)

992 00288

4105

50

HOUSING AUTHORITY OF THE CITY OF VINTON, LOUISIANA

**REPORT ON EXAMINATION OF
FINANCIAL STATEMENTS AND SUPPLEMENTAL DATA**

TWELVE MONTHS ENDED JUNE 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date NOV 4 1998

ESTES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

	<u>EXHIBIT</u>	<u>PAGE</u>
SUMMARY OF AUDITOR'S RESULTS AND SCHEDULE OF FINDINGS AND QUESTIONED COSTS		1
INDEPENDENT AUDITOR'S REPORT		2 - 3
FINANCIAL STATEMENTS		
GENERAL PURPOSE FINANCIAL STATEMENTS (COMBINED STATEMENTS - OVERVIEW)		
<i>Combined Balance Sheet — All Fund Types and Account Groups</i>		4 - 5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances — All Governmental Fund Types		6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Budget (GAAP Basis) and Actual — General Fund and Special Revenue Funds		7
Combined Statement of Revenues, Expenditures and Changes in Fund Balances — Budget (GAAP Basis) and Actual — Debt Service and Capital Projects Funds		8
Notes to Financial Statements		9 - 17
Special Revenue Fund Types — Combining Balance Sheet		18
Special Revenue Fund Types — Combining Statement of Revenues, Expenditures and Changes in Fund Balances		19
Capital Project Fund Types — Combining Balance Sheet		20
Capital Project Fund Types — Combining Statement of Revenues, Expenditures and Changes in Fund Balances		21
Fiduciary Funds — Combining Balance Sheet		22
Fiduciary Funds — Schedule of Changes in Deposits Due to Others		23

TABLE OF CONTENTS (Continued)

	<u>EXHIBIT</u>	<u>PAGE</u>
SUPPLEMENTARY INFORMATION		
Balance Sheet	A	24
Statement of Income and Expenses	B	25 - 27
Analysis of Surplus	C	28 - 33
Computation of Residual Receipts and Accruing Annual Contribution	D	34 - 39
Statement of Modernization Costs -- Uncompleted	E	40
Analysis of General Fund Cash Balance	F	41
Schedule of Expenditures for Federal Awards		42
Report on Compliance Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133		43 - 44
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards		45 - 46
Schedule of Findings and Questioned Costs		47

HOUSING AUTHORITY OF THE CITY OF VINTON
SUMMARY OF AUDITOR'S RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results

- A. We issued an unqualified opinion on the Housing Authority of Vinton, Louisiana for the audit of its financial statements for the year ended June 30, 1998.
- B. No reportable conditions in internal control were disclosed by our audit of the financial statements.
- C. The audit did not disclose any noncompliance which is material to the financial statements.
- D. No reportable conditions in internal control were disclosed by our audit over major programs.
- E. We issued an unqualified opinion on compliance for major programs.
- F. Our audit disclosed no audit findings that we are required to report under 510(a) of OMB Circular A-133. Our audit procedures also included those of HUD Notice PIH 96-53.
- G. Major programs are as follows, and see Schedule of Federal Expenditures for CFDA numbers and amounts:
 - 1. Low Income Housing
 - 2. Section 8 HAP — Voucher
 - 3. Section 8 HAP — New Construction
 - 4. CIAP
- H. The dollar threshold to distinguish Type A and Type B programs is \$ 300,000.
- I. The Housing Authority of Vinton, Louisiana qualified for the year ended June 30, 1998 as a low-risk auditee.

Schedule of Findings and Questioned Costs

- J. There are no findings in these financial statements that are required to be reported in accordance with GAGAS.
- K. There are no audit findings or questioned costs for Federal awards which shall include audit findings as described in 510(a) of OMB Circular A-133. Our audit procedures also included those of HUD Notice PIH 96-53.

ESTES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
4200 AIRPORT FREEWAY – SUITE 100
FORT WORTH, TEXAS 76117

(817) 831-3553
METRO (817) 654-4063
FAX (817) 831-3560

MIKE ESTES, CPA/PPS, CFP

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Commissioners
Housing Authority of the
City of Vinton
Vinton, Louisiana

Regional Inspector General for Audit
Office of Inspector General
Department of Housing and Urban
Development

We have audited the accompanying general-purpose financial statements and the combining and individual fund and account group financial statements of the Housing Authority of the City of Vinton, Louisiana at and for the year ended June 30, 1998, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Housing Authority of the City of Vinton, Louisiana' management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the authority's policy is to prepare its financial statements on the basis of accounting practices prescribed or permitted by the Department of Housing and Urban Development, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the general-purpose financial statements and the combining and individual fund and account group financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Vinton, Louisiana as of June 30, 1998 and the results of its operations and changes in its surplus for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 16, 1998 on our consideration of Housing Authority of the City of Vinton's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statement of the Housing Authority of the City of Vinton, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Estes and Associates

Fort Worth, Texas
October 16, 1998

HOUSING AUTHORITY OF THE CITY OF VINTON
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1998

	Governmental Fund Types				Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Debt		
ASSETS									
Cash and cash equivalents	\$ 64,673.76	\$	\$	\$	\$ 5,350.00	\$	\$	\$	\$ 70,023.76
Investments	77,227.64								77,227.64
Receivables, net of allowances:									
Rentals	1,355.00								1,355.00
Other	50.00								50.00
Due from:									
Other funds		13,648.06		2,037.57					15,685.63
Other governments		18,186.00	76,182.65						94,368.65
Prepaid expenditures	10,211.25						2,422,482.49		10,211.25
Property, plant and equipment									2,422,482.49
Amount to be provided for retirement of general long-term debt							665,608.57		665,608.57
Total Assets	<u>\$ 153,517.65</u>	<u>\$ 31,834.06</u>	<u>\$ 76,182.65</u>	<u>\$ 2,037.57</u>	<u>\$ 5,350.00</u>	<u>\$ 2,422,482.49</u>	<u>\$ 665,608.57</u>	<u>\$ 665,608.57</u>	<u>\$ 3,357,012.99</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (Continued)
JUNE 30, 1998

	Governmental Fund Types				Fiduciary Fund Types		Account Groups		Total Memorandum (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency		General Fixed Assets	General Long-Term Debt	
LIABILITIES AND FUND EQUITY									
LIABILITIES									
Accounts payable	\$ 1,515.87	\$	\$	\$	\$				\$ 1,515.87
Accrued liabilities	8789.41								8,789.41
Due to:									
Tenants				5,350.00					5,350.00
Other funds	13,676.49		2,009.14						15,685.63
Other governments		1,740.00							1,740.00
Deferred revenue	4,122.81								4,122.81
General obligation bonds payable and other liabilities							665,608.57		665,608.57
Total Liabilities	28,104.58	1,740.00	0.00	2,009.14	5,350.00	0.00	665,608.57	0.00	702,812.29
FUND EQUITY									
Investment in general fixed assets				2,422,482.49					2,422,482.49
Fund balances:									
Reserved for capital projects				28.43					28.43
Reserved for debt service			76,182.65						76,182.65
Unreserved:									
Undesignated	125,413.07	30,094.06							155,507.13
Total Fund Equity	125,413.07	30,094.06	76,182.65	28.43	0.00	0.00	2,422,482.49	0.00	2,654,200.70
Total Liabilities and Fund Equity	\$ 153,517.65	\$ 31,834.06	\$ 76,182.65	\$ 2,037.57	\$ 5,350.00	\$ 2,422,482.49	\$ 665,608.57	\$ 3,357,012.99	

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 1998

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
REVENUES					
Rentals	\$ 70,690.36	\$	\$	\$	\$ 70,690.36
Intergovernmental	46,652.00	122,978.00	77,279.34	224,148.35	471,057.69
Interest		1,358.24			1,358.24
Total Revenues	117,342.36	124,336.24	77,279.34	224,148.35	543,106.29
EXPENDITURES					
Administration	34,426.44	20,587.96			55,014.40
Utilities	4,502.79				4,502.79
Ordinary maintenance	22,865.45				22,865.45
General expenditures	39,943.20				39,943.20
Housing assistance payments		105,023.00			105,023.00
Capital expenditures	1,449.93			235,734.87	237,184.80
Debt service:					
Principal retirement			33,912.06		33,912.06
Interest			43,441.60		43,441.60
Total expenditures	103,187.81	125,610.96	77,353.66	235,734.87	541,887.30
Excess (deficiency) of revenues over (under) expenditures	14,154.55	(1,274.72)	(74.32)	(11,586.52)	1,218.99
OTHER FINANCING SOURCES(USES)					
Operating transfers in					0.00
Operating transfers out					0.00
Total other financing sources(uses)	0.00	0.00	0.00	0.00	0.00
FUND BALANCE, beginning of year	111,258.52	31,368.78	76,256.97	11,614.95	230,499.22
FUND BALANCE, end of year	\$ 125,413.07	\$ 30,094.06	\$ 76,182.65	\$ 28.43	\$ 231,718.21

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL FUND AND SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 1998

	General Fund		Special Revenue Funds		Over (Under) Budget
	Budget	Actual	Budget	Actual	
REVENUES					
Rentals	\$ 91,970.00	\$ 70,690.36	\$ (21,279.64)	\$	\$ 0.00
Intergovernmental	46,652.00	46,652.00	0.00	106,322.00	16,656.00
Interest	7,190.00		(7,190.00)	1,358.24	1,358.24
Other income	3,390.00		(3,390.00)		0.00
Total Revenues	149,202.00	117,342.36	(31,859.64)	106,322.00	18,014.24
EXPENDITURES					
Administration	44,440.00	34,426.44	(10,013.56)	17,166.00	3,421.96
Utilities	20,650.00	4,502.79	(16,147.21)		0.00
Ordinary maintenance	53,950.00	22,865.45	(31,084.55)		0.00
General expenditures	37,460.00	39,943.20	2,483.20		0.00
Extraordinary maintenance	11,300.00		(11,300.00)	89,156.00	15,867.00
Capital expenditures	10,820.00	1,449.93	(9,370.07)		0.00
Total Expenditures	178,620.00	103,187.81	(75,432.19)	106,322.00	19,288.96
Excess (deficiency) of revenues over (under) expenditures	\$(29,418.00)	14,154.55	\$ 43,572.55	0.00	\$(1,274.72)
Transfer of net income to unreserved deficit					
FUND BALANCES, beginning of year		111,258.52			31,368.78
FUND BALANCES, end of year		\$125,413.07			\$ 30,094.06

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 DEBT SERVICE AND CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 1998

	Debt Service Fund		Capital Projects Funds		Over (Under) Budget
	Budget	Actual	Budget	Actual	
REVENUES					
Intergovernmental	\$ 77,279.34	\$ 77,279.34	\$ 224,148.35	\$ 224,148.35	\$ 0.00
Total Revenues	77,279.34	77,279.34	224,148.35	224,148.35	0.00
EXPENDITURES					
Capital expenditures			224,148.35	235,734.87	(11,586.52)
Debt Service:					
Principal retirement	33,912.06	33,912.06			0.00
Interest	43,441.60	43,441.60			0.00
Total Expenditures	77,353.66	77,353.66	224,148.35	235,734.87	(11,586.52)
Excess (deficiency) of revenues over (under) expenditures	\$ (74.32)	(74.32)	\$ 0.00	(11,586.52)	\$ (11,586.52)
Transfer of net income to unreserved deficit				11,614.95	
FUND BALANCES, beginning of year				\$ 28.43	
FUND BALANCES, end of year					

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

NOTES TO FINANCIAL STATEMENTS JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Housing Authority of Vinton, Louisiana (the Authority), a public corporate body, was organized for the purpose of providing decent, safe, and sanitary dwelling accommodations for persons of low income.

The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. In addition, the Authority has administrative responsibility for various other community development programs whose primary purpose is the development of viable urban communities by *providing decent housing, a suitable living environment, and economic opportunities principally for persons of low and moderate income.*

The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of the City of Vinton, Louisiana. Each member serves a five-year term on a rotating basis. Substantially all of the Authority's revenue is derived from subsidy contracts with the U.S. Department of Housing and Urban Development (HUD). The Annual Contributions Contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities, housing assistance payments for eligible individuals, and receipt of annual debt service requirements for HUD-related long-term debt.

(1) Financial Reporting Entity

Generally accepted accounting principles require that the financial statements present the accounts and operations of the Authority and its component units, entities for which the Authority is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the Authority's operations and data from these units, if any, are combined with data of the Authority. Each *discretely presented component unit, if any, would be reported in a separate column* in the combined financial statements to emphasize that it is legally separate from the Authority. As of June 30, 1998, and for the fiscal year then ended, the Authority had no discretely presented component units or any component units required to be blended in these financial statements.

(2) Fund Accounting

The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The various funds are grouped by type and broad categories in the financial statements as follows:

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(3) Fund Accounting (continued)

GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the Authority are financed. The measurement focus is on determination of financial position and changes in financial position rather than on net income determination. The following are the Authority's governmental fund types:

General Fund - The General Fund is the general operating fund of the Authority. The General Fund is used to account for all revenues and expenditures applicable to the general operations of the Authority which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to their use by outside sources are recorded in the General Fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for the payment of interest, principal, and related costs of general long-term debt.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction, or rehabilitation of major capital facilities.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Authority as an agent for individuals, private organizations, other governmental units, and/or other funds. The following is the Authority's fiduciary fund type:

Agency Funds - Agency Funds include Tenant Security Deposit Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of result of operations.

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

NOTES TO FINANCIAL STATEMENTS

(Continued)

JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNT GROUPS

Account groups are used to establish accounting control and accountability for the Authority's general fixed assets and general long-term debt for governmental fund types. These are not "funds." They are concerned only with the measurement of financial position and not with results of operations. The following are the Authority's account groups:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the Authority.

General Long-Term Debt Account Group - This account group is established to account for all long-term debt of the Authority.

(4) Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All Governmental and Agency Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are considered "measurable" when received in cash, except for certain revenues which are accrued when they are both measurable and available or have not been received at the normal time of receipt. Certain grant revenues are accrued when funds are expended. Revenues susceptible to accrual are federal grants, interest on investments, and other miscellaneous revenues which are both measurable and available to finance expenditures of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Agency Funds are custodial in nature and do not measure results of operations. They are clearing accounts whose assets at all times are equally offset by related liabilities.

(5) Budgetary Data

The Authority is required by its HUD Annual Contributions Contracts to adopt annual budgets for the Low-Rent Housing Program, included in the General Fund, and all Assisted Housing (Section 8) Programs, included in Special Revenue Funds. Annual budgets are not required for Capital Projects Funds as their budgets are approved for the length of the project. Both annual and project length budgets require grantor approval.

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

NOTES TO FINANCIAL STATEMENTS

(Continued)

JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Authority is under a limited budget review from HUD with the control category of total operating expenditures. If there are no overruns of the total operating expenditures, then HUD does not require budget revisions other than when there are substantial additions to nonroutine expenditures, such as reinstatement of prior-year encumbrances. The Board and HUD must approve fund appropriation increases. Any unused appropriations lapse at year-end. Budgeted amounts are as originally adopted or as amended by the Board and HUD.

The original budget has been amended throughout the year to reflect changes in revenue and expenditure estimates.

The budget is prepared on a statutory (HUD) basis and does not contain a provision for uncollectible tenant receivables. The difference is not considered materially different from generally accepted accounting principles.

(6) Cash and Cash Equivalents

The entity defines cash and cash equivalents to include certificates of deposit, money market funds, savings accounts, and demand deposits.

(7) Tenant Receivables

Receivables for rentals and service charges are reported in the General Fund, net of allowances for doubtful accounts amounting to \$ -0- at June 30, 1998.

(8) Interfund Transactions

During the course of normal operations, the Authority has numerous transactions between funds to provide services, construct assets, and service debt. These transactions are generally reflected as operating transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. Such transactions are recorded as expenditures in the disbursing fund and as a reduction of expenditures in the receiving fund.

(9) General Fixed Assets

General Fixed Assets have been acquired for general governmental purposes. Assets purchased are recorded as expenditures in the Governmental Funds and capitalized at cost in the General Fixed Assets Account Group. Contributed fixed assets are recorded at estimated fair market value at the time received. Depreciation is not recorded on general fixed assets. Public domain general fixed assets (infrastructure) consisting of certain improvements other than buildings, including roads, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized along with other general fixed assets.

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

NOTES TO FINANCIAL STATEMENTS

(Continued)
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Costs of completed Modernization projects are reported as construction-in-progress until audited cost certification reports are submitted to HUD, at which time such costs are transferred to the appropriate property categories.

(10) General Long-Term Debt

All long-term indebtedness of the Authority is accounted for in the General Long-Term Debt Account Group and is intended to be paid through the Debt Service Fund.

(11) Compensated Absences

Authority employees accrue personal leave, or compensated absences, by a prescribed formula based on length of service. The cost of this has not been accrued due to immateriality.

(12) Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH DEPOSITS WITH FINANCIAL INSTITUTIONS

It is the entity's policy for deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The entity's deposits are categorized to give an indication of the level of risk assumed by the entity at June 30, 1998. The categories are described as follows:

- Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.
- Category 2 - Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
- Category 3 - Uncollateralized.

Cash Deposits, categorized by level of risk, are:

Total Bank Balances	Category		
	1	2	3
\$ <u>147,251.40</u>	\$ <u>147,251.40</u>	\$ <u>0.00</u>	\$ <u>0.00</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

NOTES TO FINANCIAL STATEMENTS

(Continued)

JUNE 30, 1998

NOTE C - ACTIVITIES OF THE PHA

At June 30, 1998, the PHA was managing 68 units of low-rent in three projects under Program FW — 588, 20 units of Section 8 Existing under FW — 2266, and 32 units of Section 8 Vouchers under FW — 2266.

NOTE D - CONTINGENCIES

The entity is subject to possible examinations by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the entity in the current and prior years. These examinations may result in required refund by the entity to federal grantors and/or program beneficiaries.

NOTE E - PROPERTY, PLANT AND EQUIPMENT

Changes in the general fixed assets account group are as follows:

	<u>Beg. of Period</u>		<u>Additions</u>		<u>Deletions</u>		<u>End of Period</u>
Land, land impvts.	\$ 660,345.55	\$		\$		\$	660,345.55
Buildings	1,638,282.79						1,638,282.79
Equipment	122,404.22		1,449.93				123,854.15
Total	<u>\$ 2,421,032.56</u>	\$	<u>1,449.93</u>	\$	<u>0.00</u>	\$	<u>2,422,482.49</u>

All land and building are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

NOTES TO FINANCIAL STATEMENTS
(Continued)
JUNE 30, 1998

NOTES F - LONG-TERM DEBT

Long-term debt consists of the following:

	Principal Balance
Bond payable	\$ 70,400.91
FFB Notes	595,207.66
	<u>665,608.57</u>

All required debt service to maturity on the bonds, including principal and interest, is payable by HUD under a debt service contract with the entity.

Long-term debt is secured by the land and buildings of the entity.

Changes in long-term debt is as follows:

	Bonds
Balance, beginning of period	\$ 699,520.63
Principal retirement	<u>33,912.06</u>
Balance, end of period	<u>\$ 665,608.57</u>

Schedule retirements of long-term debt is as follows:

1998	\$ 37,659.36
1999	39,352.88
2000	41,158.18
2001	43,082.64
2002	45,134.13
Thereafter	459,221.38

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

NOTES TO FINANCIAL STATEMENTS

(Continued)

JUNE 30, 1998

NOTE G - RETIREMENT PLAN

The entity provides benefits for all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Employees are eligible to participate after a six months exclusionary period. The employee contributes 6 % and the entity contributes 8.5 % of the employee's base salary each month. The entity's contributions for each employee (and interest allocated to the employee's account) are vested 20% annually for each year of participation. An employee is fully vested after 5 years of participation.

The entity's total payroll in fiscal year ended June 30, 1998 was \$ 46,131.09. The entity's contributions were calculated using the base salary amount of \$ 44,400.00. Contributions to the plan were \$ 2,664.00 and \$ 3774.00 by the employee and the entity, respectively.

NOTE H - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Investments

The carrying amount approximates fair value because of the short maturity of these instruments.

Long Term Debt

It is not possible to estimate the fair value of long term debt owed to the federal government by this governmental entity, a housing authority. The housing authority is unable, by law, to secure long term financing from any other source. FASB 107 describes fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties.

NOTE I - ACCOUNTING FOR THE IMPAIRMENT OF LONG - LIVED ASSETS

The full amount of the carrying value of buildings and land improvements are deemed recoverable from future cash flows.

HOUSING AUTHORITY OF THE CITY OF VINTON

NOTES TO FINANCIAL STATEMENTS

(Continued)
JUNE 30, 1998

NOTE J - USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of these financial statements requires the use of estimates by management. No significant estimates have been made by management that require disclosure.

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

SPECIAL REVENUE FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 1998

	Assisted Housing Programs					Total
	Existing Units Program	Moderate Rehabilitation Program 1	Moderate Rehabilitation Program 2	Moderate Rehabilitation Program 3	Voucher Program	
ASSETS						
Due from:						
Other funds	\$ 7,095.15	\$	\$	\$	\$ 6,552.91	13,648.06
Other governments					18,186.00	18,186.00
Total Assets	\$ 7,095.15	\$ 0.00	\$ 0.00	\$ 0.00	\$ 24,738.91	\$ 31,834.06
LIABILITIES AND FUND EQUITY						
LIABILITIES						
Due to:						
Other governments	\$ 1,740.00	\$	\$	\$	\$	\$ 1,740.00
Total liabilities	1,740.00	0.00	0.00	0.00	0.00	1,740.00
FUND EQUITY						
Unreserved and undesignated	5,355.15				24,738.91	30,094.06
Total fund equity	5,355.15	0.00	0.00	0.00	24,738.91	30,094.06
Total liabilities and fund equity	\$ 7,095.15	\$ 0.00	\$ 0.00	\$ 0.00	\$ 24,738.91	\$ 31,834.06

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

SPECIAL REVENUE FUND TYPES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 JUNE 30, 1998

	Assisted Housing Programs					Total
	Existing Units Program	Moderate Rehabilitation Program 1	Moderate Rehabilitation Program 2	Moderate Rehabilitation Program 3	Voucher Program	
REVENUES						
Intergovernmental	\$ 43,236.00	\$	\$	\$	\$ 79,742.00	\$ 122,978.00
Interest	1,358.24					1,358.24
Total Revenues	<u>44,594.24</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>79,742.00</u>	<u>124,336.24</u>
EXPENDITURES						
Administration	10,243.47				10,344.49	20,587.96
Housing assistance payments	36,437.00				68,586.00	105,023.00
Total Expenditures	<u>46,680.47</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>78,930.49</u>	<u>125,610.96</u>
Excess (deficiency) of revenues over (under) expenditures	(2,086.23)	0.00	0.00	0.00	811.51	(1,274.72)
FUND BALANCE, beginning of year	<u>7,441.38</u>				<u>23,927.40</u>	<u>31,368.78</u>
FUND BALANCE, end of year	<u>\$ 5,355.15</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 24,738.91</u>	<u>\$ 30,094.06</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

CAPITAL PROJECT FUND TYPES
COMBINING BALANCE SHEET
JUNE 30, 1998

	CIAP Housing Programs			
	CIAP 1995	CIAP 1996	CIAP 1997	Total
ASSETS				
Due from:				
Other funds	\$ 2,037.57	\$	\$	\$ 2,037.57
Total Assets	\$ 2,037.57	\$ 0.00	\$ 0.00	\$ 2,037.57
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Due to:				
Other funds	\$	\$ 2,009.14	\$	\$ 2,009.14
Total liabilities	0.00	2,009.14	0.00	2,009.14
FUND EQUITY				
Reserved for capital projects	2,037.57	(2,009.14)		28.43
Total fund equity	2,037.57	(2,009.14)	0.00	28.43
Total liabilities and fund equity	\$ 2,037.57	\$ 0.00	\$ 0.00	\$ 2,037.57

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

CAPITAL PROJECT FUND TYPES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 JUNE 30, 1998

	CIAP Housing Programs			
	CIAP 1995	CIAP 1996	CIAP 1997	Total
REVENUES				
Intergovernmental	\$ 202,536.63	\$ 19,180.22	\$ 2,431.50	\$ 224,148.35
Total Revenues	<u>202,536.63</u>	<u>19,180.22</u>	<u>2,431.50</u>	<u>224,148.35</u>
EXPENDITURES				
Capital expenditures	212,114.01	21,189.36	2,431.50	235,734.87
Total Expenditures	<u>212,114.01</u>	<u>21,189.36</u>	<u>2,431.50</u>	<u>235,734.87</u>
Excess (deficiency) of revenues over (under) expenditures	(9,577.38)	(2,009.14)	0.00	(11,586.52)
FUND BALANCE, beginning of year	<u>11,614.95</u>			<u>11,614.95</u>
FUND BALANCE, end of year	\$ <u>2,037.57</u>	\$ <u>(2,009.14)</u>	\$ <u>0.00</u>	\$ <u>28.43</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

FIDUCIARY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 1998

	<u>Agency Funds</u>	
	<u>Tenant Security Deposit Funds</u>	<u>Total Fiduciary Funds</u>
ASSETS		
Cash and cash equivalents	\$ 5,350.00	\$ 5,350.00
Total Assets	<u>\$ 5,350.00</u>	<u>\$ 5,350.00</u>
LIABILITIES		
Due to tenants	\$ 5,350.00	\$ 5,350.00
Total Liabilities	<u>\$ 5,350.00</u>	<u>\$ 5,350.00</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON
 FIDUCIARY FUNDS
 SCHEDULE OF CHANGES IN DEPOSITS DUE TO OTHERS
 JUNE 30, 1998

	<u>Agency Funds</u>	
	<u>Tenant Security Deposit Funds</u>	<u>Total Fiduciary Funds</u>
DEPOSIT BALANCES AT BEGINNING OF YEAR	\$ 5,550.00	\$ 5,550.00
REDUCTIONS		
Payments to tenants	200.00	200.00
Total Reductions	200.00	200.00
DEPOSIT BALANCES AT END OF YEAR	\$ <u>5,350.00</u>	\$ <u>5,350.00</u>

The Notes to Financial Statements are an integral part of these statements.

HOUSING AUTHORITY OF THE CITY OF VINTON

BALANCE SHEET — STATUTORY BASIS
JUNE 30, 1998ANNUAL CONTRIBUTION CONTRACT
FW — 588ASSETS

Cash - Exhibit F	\$	70,023.76
Accounts receivable - tenants		1,355.00
Accounts receivable - HUD		16,446.00
Accounts receivable - other		50.00
Investments - Note B		77,227.64
Debt amortization funds		76,182.65
Deferred charges		10,211.25
Land, structures and equipment		<u>2,768,764.83</u>
Total Assets	\$	<u><u>3,020,261.13</u></u>

LIABILITIES AND SURPLUS

Accounts payable	\$	6,865.87
Accrued liabilities		8,789.41
Deferred credits		4,122.81
Fixed liabilities		<u>665,608.57</u>
Total Liabilities		685,386.66
Surplus - Exhibit C		<u>2,334,874.47</u>
Total Liabilities and Surplus	\$	<u><u>3,020,261.13</u></u>

HOUSING AUTHORITY OF THE CITY OF VINTON
STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS
ANNUAL CONTRIBUTION CONTRACT
FW – 588

	Year Ended
	06-30-98
Operating Income	
Dwelling rental	\$ 69,809.64
Excess utilities	880.72
Interest on general fund investments	2,034.47
Other income	3,574.96
Total Operating Income - Exhibit D	76,299.79
Operating Expenses	
Administration	33,229.14
Utilities	4,502.79
Ordinary maintenance and operation	22,865.45
General expense	39,943.20
Total Operating Expense - Exhibit D	100,540.58
Net Operating Income (Loss)	(24,240.79)
Other Charges	
Interest on notes and bonds payable	43,441.60
Prior year adjustments - affecting residual receipts	6,806.73
Total Other Charges	50,248.33
Net Loss - Exhibit C	\$ (74,489.12)

HOUSING AUTHORITY OF THE TOWN OF VINTON
STATEMENT OF INCOME AND EXPENSES – STATUTORY BASIS

ANNUAL CONTRIBUTION CONTRACT
FW – 2266
Section 8 – Existing

		Year Ended
		06-30-98
Operating Income		
Interest on general fund investments	\$	1,358.24
Total Operating Income - Exhibit D(2)		1,358.24
Operating Expenses		
Administration		10,243.47
Housing assistance payments		36,437.00
Total Operating Expense - Exhibit D(2)		46,680.47
Net Operating Income (Loss)		(45,322.23)
Net Loss - Exhibit C	\$	(45,322.23)

HOUSING AUTHORITY OF THE TOWN OF VINTON
STATEMENT OF INCOME AND EXPENSES — STATUTORY BASIS

ANNUAL CONTRIBUTION CONTRACT
FW — 2266
Section 8 — Voucher

		Year Ended
		06-30-98
Operating Income		
Interest on general fund investments	\$	0.00
Total Operating Income - Exhibit D(3)		0.00
Operating Expenses		
Administration		10,344.49
Housing assistance payments		68,586.00
Total Operating Expense - Exhibit D(3)		78,930.49
Net Operating Income (Loss)		(78,930.49)
Net Loss - Exhibit C	\$	(78,930.49)

HOUSING AUTHORITY OF THE CITY OF VINTON

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED JUNE 30, 1998ANNUAL CONTRIBUTION CONTRACT
FW — 588Unreserved Surplus

Balance per prior audit at 06-30-97	\$	(1,714,734.98)
Net loss for the year ended 06-30-98 - Exhibit B(1)		(74,489.12)
(Provision for) reduction of Operating Reserve for year ended 06-30-98 - Exhibit D(1)		(20,961.28)
Balance at 06-30-98		<u>(1,810,185.38)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 06-30-97		106,898.22
Provision for (reduction of) Operating Reserve for the year ended 06-30-98 - Exhibit D(1)		20,961.28
Balance at 06-30-98 - Exhibit F	\$	<u>127,859.50</u>

HOUSING AUTHORITY OF THE CITY OF VINTON

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED JUNE 30, 1998ANNUAL CONTRIBUTION CONTRACT
FW — 588Cumulative HUD Contributions

Balance per prior audit at 06-30-97	\$	3,080,085.99
Annual contribution for year ended 06-30-98 - Exhibit D(1)		77,279.34
Operating subsidy for year ended 06-30-98		46,652.00
Balance at 06-30-98		<u>3,204,017.33</u>

Cumulative HUD Grants

Balance per prior audit at 06-30-97		537,903.88
Advances for year ended 06-30-98		<u>224,148.35</u>
Balance at 06-30-98		<u>762,052.23</u>

Cumulative Donations

Balance per prior audit at 06-30-97		<u>10,116.04</u>
Balance at 06-30-98	\$	<u>10,116.04</u>

HOUSING AUTHORITY OF THE TOWN OF VINTON

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED JUNE 30, 1998
EXISTINGANNUAL CONTRIBUTION CONTRACT
FW — 2097Unreserved Surplus

Balance per prior audit at 06-30-97	\$	(1,008,874.79)
Net loss for the year ended 06-30-98 - Exhibit B(2)		(45,322.23)
(Provision for) reduction of Operating Reserve for year ended 06-30-98 - Exhibit D(2)		2,086.23
(Provision for) reduction of Project Account for year ended 06-30-98 - Exhibit D(2)		(63,372.00)
HUD recapture		171,645.00
Adjustment for year ended 06-30-97		82,385.47
Balance at 06-30-98		<u>(861,452.32)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 06-30-97		7,441.38
Provision for (reduction of) Operating Reserve for the year ended 06-30-98 - Exhibit D(2)		(2,086.23)
Balance at 06-30-98 - Exhibit F	\$	<u>5,355.15</u>

HOUSING AUTHORITY OF THE TOWN OF VINTON

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED JUNE 30, 1998
EXISTINGANNUAL CONTRIBUTION CONTRACT
FW — 2097Project Account

Balance per prior audit at 06-30-97	\$	322,386.47
Provision for (reduction of) Project Account For year ended 06-30-98 - Exhibit D(2)		63,372.00
HUD recapture		(171,645.00)
Adjustment for year ended 06-30-97		(82,385.47)
Balance at 06-30-98		<u>131,728.00</u>

Cumulative HUD Contributions

Balance per prior audit at 06-30-97		691,933.21
Annual contribution for year ended 06-30-98 - Exhibit D(2)		43,236.00
Balance at 06-30-98	\$	<u>735,169.21</u>

HOUSING AUTHORITY OF THE TOWN OF VINTON

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED JUNE 30, 1998
VOUCHERANNUAL CONTRIBUTION CONTRACT
FW — 2266Unreserved Surplus

Balance per prior audit at 06-30-97	\$	(1,430,765.60)
Net loss for the year ended 06-30-98 - Exhibit B(3)		(78,930.49)
(Provision for) reduction of Operating Reserve for year ended 06-30-98 - Exhibit D(3)		(811.51)
(Provision for) reduction of Project Account for year ended 06-30-98 - Exhibit D(3)		(164,647.00)
HUD recapture		424,155.00
Adjustment for year ended 06-30-97		15,241.39
Balance at 06-30-98		<u>(1,235,758.21)</u>

Reserved Surplus - Operating Reserve

Balance per prior audit at 06-30-97		23,927.40
Provision for (reduction of) Operating Reserve for the year ended 06-30-98 - Exhibit D(3)		811.51
Balance at 06-30-98 - Exhibit F	\$	<u>24,738.91</u>

HOUSING AUTHORITY OF THE TOWN OF VINTON

ANALYSIS OF SURPLUS — STATUTORY BASIS
TWELVE MONTHS ENDED JUNE 30, 1998
VOUCHERANNUAL CONTRIBUTION CONTRACT
FW — 2266Project Account

Balance per prior audit at 06-30-97	\$	695,596.39
Provision for (reduction of) Project Account for year ended 06-30-98 - Exhibit D(3)		164,647.00
HUD recapture		(424,155.00)
Adjustment for year ended 06-30-97		(15,241.39)
Balance at 06-30-98		<u>420,847.00</u>

Cumulative HUD Contributions

Balance per prior audit at 06-30-97		740,645.01
Annual contribution for year ended 06-30-98 - Exhibit D(3)		79,742.00
Balance at 06-30-97		<u>820,387.01</u>
Total Surplus - Exhibit A	\$	<u><u>2,334,874.47</u></u>

HOUSING AUTHORITY OF THE CITY OF VINTON

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT
FW — 588

	<u>Year Ended</u>
	<u>06-30-98</u>
<u>Computation of Residual Receipts</u>	
<u>Operating Receipts</u>	
Operating Income - Exhibit B(1)	\$ 76,299.79
HUD operating subsidy	46,652.00
Total Operating Receipts	<u>122,951.79</u>
<u>Operating Expenditures</u>	
Operating expenses - Exhibit B(1)	100,540.58
Capital expenditures:	
Replacement of nonexpendable equipment	1,449.93
Total Operating Expenditures	<u>101,990.51</u>
Residual receipts (deficit) per audit before provision for reserve	20,961.28
Audit adjustments (backed out)	
Residual receipts per PHA before provision for reserve	20,961.28
(Provision for) or reduction of operating reserve - Exhibit C	<u>(20,961.28)</u>
Residual receipts per PHA	<u>\$ 0.00</u>

HOUSING AUTHORITY OF THE CITY OF VINTON

COMPUTATION OF RESIDUAL RECEIPTS AND ACCRUING ANNUAL CONTRIBUTIONS

ANNUAL CONTRIBUTION CONTRACT
FW — 588

	<u>Year Ended</u>
	<u>06-30-98</u>
<u>Computation of Accruing Annual Contributions</u>	
Fixed annual contribution	\$ <u>77,279.34</u>
Total Annual Contribution - Exhibit C	\$ <u><u>77,279.34</u></u>

HOUSING AUTHORITY OF THE TOWN OF VINTON
 COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND
 PROJECT ACCOUNT — OPERATING RESERVE CHANGES
 HOUSING ASSISTANCE PAYMENTS PROGRAM
 EXISTING

ANNUAL CONTRIBUTION CONTRACT
FW — 2266

		<u>Year Ended</u>
		<u>06-30-98</u>
Maximum Contribution Available		
Maximum annual contribution authorized	\$	106,608.00
Project account balance at beginning of fiscal year		322,386.47
HUD recapture		(171,645.00)
Adjustment for year ended 06-30-97		(82,385.47)
Total Annual Contribution Available		<u>174,964.00</u>
Annual Contribution Required		
Housing assistance payments		36,437.00
Administrative fee		6,883.00
		<u>43,320.00</u>
Project receipts other than annual contribution		<u>84.00</u>
Total Contribution Required - Exhibit C		<u>43,236.00</u>
Excess in Annual Contribution Available	\$	<u><u>131,728.00</u></u>
Year-end Settlement		
Annual contribution due for fiscal year		43,236.00
Total partial payments received by PHA for fiscal year		<u>44,976.00</u>
(Over) Under Payment Due (HUD) PHA	\$	<u><u>(1,740.00)</u></u>

HOUSING AUTHORITY OF THE TOWN OF VINTON
 COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND
 PROJECT ACCOUNT – OPERATING RESERVE CHANGES
 HOUSING ASSISTANCE PAYMENTS PROGRAM
 EXISTING

ANNUAL CONTRIBUTION CONTRACT
FW – 2266

		<u>Year Ended</u>
		<u>06-30-98</u>
Status of Project Account		
Project account balance at the beginning of fiscal year	\$	322,386.47
Increase (decrease) during fiscal year - Exhibit C		63,372.00
HUD recapture		(171,645.00)
Adjustment for year ended 06-30-97		(82,385.47)
		<u>131,728.00</u>
Provision for Operating Reserve		
Operating receipts		
Operating income - Exhibit B(2)		1,358.24
Annual contributions earned		43,236.00
		<u>44,594.24</u>
Operating Expenditures		
Operating expenses -Exhibit B(2)		46,680.47
		<u>46,680.47</u>
Residual receipts (deficit)		(2,086.23)
Audit adjustments - backed out		
(Provision for) reduction of operating reserve - Exhibit C		2,086.23
Residual receipts (deficit) after Provision for operating reserve	\$	<u><u>0.00</u></u>

HOUSING AUTHORITY OF THE TOWN OF VINTON

COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND
PROJECT ACCOUNT – OPERATING RESERVE CHANGES
HOUSING ASSISTANCE PAYMENTS PROGRAM
VOUCHERANNUAL CONTRIBUTION CONTRACT
FW – 2266

	<u>Year Ended</u>
	<u>06-30-98</u>
Maximum Contribution Available	
Maximum annual contribution authorized	\$ 244,389.00
Project account balance at beginning of fiscal year	695,596.39
HUD recapture	(424,155.00)
Adjustment for year ended 06-30-97	(15,241.39)
Total Annual Contribution Available	<u>500,589.00</u>
Annual Contribution Required	
Housing assistance payments	68,586.00
Administrative fee	10,976.00
Independent public accountant audit costs	180.00
	<u>79,742.00</u>
Project receipts other than annual contribution	
Total Contribution Required - Exhibit C	<u>79,742.00</u>
Excess in Annual Contribution Available	\$ <u><u>420,847.00</u></u>
Year-end Settlement	
Annual contribution due for fiscal year	79,742.00
Total partial payments received by PHA for fiscal year	<u>61,556.00</u>
(Over) Under Payment Due (HUD) PHA	\$ <u><u>18,186.00</u></u>

HOUSING AUTHORITY OF THE TOWN OF VINTON
 COMPUTATION OF ANNUAL CONTRIBUTIONS EARNED AND
 PROJECT ACCOUNT – OPERATING RESERVE CHANGES
 HOUSING ASSISTANCE PAYMENTS PROGRAM
 VOUCHER

ANNUAL CONTRIBUTION CONTRACT
FW – 2266

		<u>Year Ended</u>
		<u>06-30-98</u>
Status of Project Account		
Project account balance at the beginning of fiscal year	\$	695,596.39
Increase (decrease) during fiscal year - Exhibit C		164,647.00
HUD recapture		(424,155.00)
Adjustment for year ended 06-30-97		(15,241.39)
		<u>420,847.00</u>
Provision for Operating Reserve		
Operating receipts		
Operating income - Exhibit B(3)		0.00
Annual contributions earned		79,742.00
		<u>79,742.00</u>
Operating Expenditures		
Operating expenses -Exhibit B(2)		78,930.49
		<u>78,930.49</u>
Residual receipts (deficit)		811.51
Audit adjustments - backed out		
(Provision for) reduction of operating reserve - Exhibit C		(811.51)
Residual receipts (deficit) after Provision for operating reserve	\$	<u><u>0.00</u></u>

HOUSING AUTHORITY OF THE TOWN OF VINTON

STATEMENT OF MODERNIZATION COSTS — UNCOMPLETED
JUNE 30, 1997

		Project 1995		Project 1996
Funds Approved	\$	306,000.00	\$	104,875.00
Funds Expended		<u>299,997.45</u>		<u>43,853.39</u>
Excess of Funds Approved	\$	<u>6,002.55</u>	\$	<u>61,021.61</u>
Funds Advanced	\$	302,035.02	\$	41,844.25
Funds Expended		<u>299,997.45</u>		<u>43,853.39</u>
Excess of Funds Advanced - Exhibit F	\$	<u>2,037.57</u>	\$	<u>(2,009.14)</u>
		Project 1997		
Funds Approved	\$	225,000.00		
Funds Expended		<u>2,431.50</u>		
Excess of Funds Approved	\$	<u>222,568.50</u>		
Funds Advanced	\$	2,431.50		
Funds Expended		<u>2,431.50</u>		
Excess of Funds Advanced - Exhibit F	\$	<u>0.00</u>		

HOUSING AUTHORITY OF THE CITY OF VINTON
ANALYSIS OF GENERAL FUND CASH BALANCE
ANNUAL CONTRIBUTION CONTRACT
FW — 588

Composition Before Adjustments

Net operating receipts retained:	
Operating reserves - Exhibit C	\$ 157,953.56
Cash donations	4,360.30
Deferred credits	4,122.81
Excess of CIAP advances over Costs - Exhibit E	28.43
	<u>166,465.10</u>

Adjustments

Expenses/costs not paid:	
Accounts payable	8,605.87
Accrued payments in lieu of taxes	8,789.41

Income not received:

Accounts receivable	<u>(19,591.00)</u>
---------------------	--------------------

General Fund Cash Available	164,269.38
-----------------------------	------------

General Fund Cash:

Invested	(84,034.37)
Applied to deferred charges (prepaid insurance, inventories, etc.)	<u>(10,211.25)</u>

General Fund Cash - Exhibit A	<u>\$ 70,023.76</u>
-------------------------------	---------------------

HOUSING AUTHORITY OF THE CITY OF VINTON
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 1998

<u>FEDERAL GRANTOR PROGRAM TITLE</u>	<u>CDFA NO.</u>	<u>GRANT ID NO.</u>	<u>AWARD AMOUNT</u>	<u>PROGRAM EXPENDITURES</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Low-Income Housing				
Annual Contribution	14.850	FW- 588	\$ 77,279.34	\$ 77,279.34
Operating Subsidy	14.850	FW- 588	46,652.00	46,652.00
Major Program Total 1/			<u>123,931.34</u>	<u>123,931.34</u>
Section 8 Hap -				
Existing	14.156	FW- 2266	43,236.00	43,236.00
Major Program Total			<u>43,236.00</u>	<u>43,236.00</u>
Section 8 Hap -				
Vouchers	14.177	FW- 2266	79,742.00	79,742.00
Major Program Total			<u>79,742.00</u>	<u>79,742.00</u>
Comprehensive Improvement Assistance Program				
Project 1995	14.852	FW- 588	202,536.63	212,114.01
Project 1996	14.852	FW- 588	19,180.22	21,189.36
Project 1997	14.852	FW- 588	2,431.50	2,431.50
Major Program Total			<u>224,148.35</u>	<u>235,734.87</u>
Total HUD			<u>\$ 471,057.69</u>	<u>\$ 482,644.21</u>

1/ The Housing Authority of Vinton is indebted to the Department of Housing and Urban Development for \$ 595,207.66 at June 30, 1998. Also, the Department of Housing and Urban Development has guarantees through the Annual Contribution Contract of the Housing Authority of Vinton's bonded indebtedness. This bonded indebtedness was \$ 70,400.91 at June 30, 1998.

ESTES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
4200 AIRPORT FREEWAY – SUITE 100
FORT WORTH, TEXAS 76117

(817) 831-3553
METRO (817) 654-4063
FAX (817) 831-3560

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

MIKE ESTES, CPA/PFS, CFP

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Housing Authority of the
City of Vinton
Vinton, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of Vinton, Louisiana with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and HUD Notice PIH 96-53 that are applicable to each of its major federal programs for the year ended June 30, 1998. The Housing Authority of the City of Vinton, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Housing Authority of the City of Vinton, Louisiana's management. Our responsibility is to express an opinion on the Housing Authority of the City of Vinton, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and HUD Notice PIH 96-53. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Vinton, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority of the City of Vinton, Louisiana's compliance with those requirements.

In our opinion, the Housing Authority of the City of Vinton, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1998.

Internal Control Over Compliance

The management of The Housing Authority of the City of Vinton, Louisiana is responsible for establishing and maintaining internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority of the City of Vinton, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Estes and Associates

Fort Worth, Texas
October 16, 1998

ESTES & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
4200 AIRPORT FREEWAY – SUITE 100
FORT WORTH, TEXAS 76117

(817) 831-3553
METRO (817) 654-4063
FAX (817) 831-3560

MIKE ESTES, CPA/PPS, CFP

MEMBER
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS

Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

Housing Authority of the
City of Vinton
Vinton, Louisiana

We have audited the financial statements of the Housing Authority of the City of Vinton, Louisiana as of and for the year ended June 30, 1998, and have issued our report thereon dated October 16, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and provisions of the Louisiana Governmental Audit Guide.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Vinton, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing a opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*, or the Louisiana Governmental Audit Guide.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority of the City of Vinton, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course

of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Estes and Associates

Fort Worth, Texas
October 16, 1998

HOUSING AUTHORITY OF THE CITY OF VINTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 1998

Prior Audit Findings and Questioned Cost

There were no prior audit findings.

Current Audit Findings

None.

Questioned
Cost